Coming to Germany: Pre-migration language skills, Job search and Labor market outcomes

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Abstract:

This paper investigates the impact of pre-migration German language skills on current labor market outcomes of immigrants in Germany by exploring the mediation effect of job search methods. Using a large representative migration sample in Germany, I show that immigrants who speak better the German language at arrival are less likely to rely on their informal social networks to look for jobs, which in turn increases their earnings and level of job complexity. One possible explanation could be due to their small, homogeneous and low-quality social network, which does not help them succeed in the labor market. This is reflected in the high proportion of unemployed and low-educated friends that they have. Further, the mediation effect of using informal networks to obtain jobs accounts for approximately 13 to 15 percent of the total effect, which points to the importance of using mediation analysis to unpack the "black-box" to explain why and how language skills exert such an influence on the labor market performance.